

BACKGROUNDER 1-0067
ROD TURNBULL/KANSAS CITY

JANUARY 29, 1976

ANNCR: LARGE GRAIN STOCKS ON HAND

THROUGH THE DEPARTMENT OF AGRICULTURE, THE UNITED STATES GOVERNMENT ATTEMPTS TO KEEP A CLOSE CHECK ON BOTH THE PRODUCTION AND THE USE OF GRAIN GROWN IN THIS COUNTRY. USE, OF COURSE, INCLUDES EXPORTS. FROM KANSAS CITY, AGRICULTURE SPECIALIST ROD TURNBULL SENDS THIS BACKGROUND REPORT ON SOME RECENT AGRICULTURE DEPARTMENT INFORMATION WHICH AFFECTS FARMERS AND CONSUMERS IN THE UNITED STATES AND ELSEWHERE.

VOICE:

THE DEPARTMENT OF AGRICULTURE ISSUES AN ALMOST CONSTANT STREAM OF REPORTS ON GRAIN PRODUCTION AND USE THROUGHOUT THE YEAR, AND DOES THE SAME FOR OTHER FARM COMMODITIES. THESE REPORTS ARE ALL MADE PUBLIC AND ARE AVAILABLE IN THE UNITED STATES AND THROUGHOUT THE WORLD. AT THIS POINT, IN LATE JANUARY, THE UNITED STATES IS ABOUT MID-WAY BETWEEN THE HARVESTS OF LAST YEAR, AND THOSE OF THIS YEAR. THE WHEAT HARVEST ACTUALLY WILL START IN THE SOUTHERN PART OF THE NATION IN LATE MAY, ONLY FOUR MONTHS FROM NOW, WHILE THE CORN AND SOYBEAN HARVESTS DON'T START UNTIL SEPTEMBER OR OCTOBER.

IN THE PAST FEW DAYS, THE DEPARTMENT OF AGRICULTURE HAS ISSUED THREE MAJOR REPORTS. ONE INDICATES HOW MUCH LAND FARMERS INTEND TO PLANT TO TWO MAJOR CROPS THIS SPRING AND SUMMER. ANOTHER REPORT SHOWS THE STOCKS OF GRAIN IN AMERICA IN ALL POSITIONS AS OF JANUARY FIRST. THIS MEANS

GRAIN STILL ON THE FARMS, IN ELEVATORS, MILLS AND EVERY PLACE ELSE. THE THIRD REPORT, ISSUED THIS WEEK (MONDAY), IS CALLED A SUPPLY-AND-DEMAND SITUATION. THIS REPORT TAKES THE FIGURES ON HOW MUCH GRAIN IS ON HAND AND THEN ATTEMPTS TO PROJECT (OR ESTIMATE) HOW MUCH WILL BE USED THROUGH THE REMAINDER OF THE YEAR, AND HOW MUCH WILL BE LEFT OVER FROM LAST YEAR AS THE NEW HARVEST BEGINS.

ONE THING THE STOCKS OF GRAIN IN ALL POSITIONS REPORT MAKES CLEAR, IS THAT THE UNITED STATES WILL HAVE PLENTY OF GRAIN TO FULFILL ANY PROBABLE EXPORT DEMAND THROUGH THE REMAINDER OF THIS CROP YEAR.

LAST SUMMER, WHEN THE SOVIET UNION WAS MAKING BIG PURCHASES IN AMERICA AND FROM OTHER EXPORTING NATIONS, AND WHEN THE OUTCOME OF THE AMERICAN CORN AND SOYBEAN CROPS STILL WAS NOT KNOWN AND WHEN DRY WEATHER WAS A THREAT IN SOME AREAS, THE U.S. GOVERNMENT CALLED A HALT ON FURTHER SALES UNTIL MORE WAS KNOWN ABOUT THE CROPS. IN EFFECT, THE GOVERNMENT SAID, LET'S WAIT UNTIL WE ARE SURE OF OUR SUPPLIES BEFORE WE AGREE TO EXPORT TOO MUCH. THIS TEMPORARY EMBARGO CAUSED U.S. GRAIN PRICES TO DROP, AND THEY HAVE NEVER FULLY RECOVERED. AMERICAN GRAIN FARMERS EXPRESSED DISPLEASURE AT THE GOVERNMENT ACTION. AS EVERYONE NOW KNOWS, THE UNITED STATES, LAST YEAR, ACTUALLY HARVESTED THE BIGGEST CORN AND WHEAT CROPS IN HISTORY, AND THE SECOND LARGEST SOYBEAN CROP. AND NOW, DESPITE A VERY GOOD EXPORT TRADE, THE AGRICULTURE DEPARTMENT REPORT ON JANUARY TWENTY-THIRD SHOWED MORE GRAIN STILL ON HAND THAN THE GRAIN TRADE HAD EXPECTED. AS A RESULT, PRICES

TOOK AN ABRUPT DROP. AT THESE LOWER PRICES, FARMERS WHO STILL OWN GRAIN ARE SELLING SPARINGLY, AS THEY HOPE SOMETHING WILL HAPPEN TO RAISE PRICES LATER ON, AND THEY ARE STILL UNHAPPY ABOUT THE TEMPORARY EMBARGO ON EXPORTS TO THE SOVIET UNION LAST SUMMER. THE REPORT SHOWS THE FEAR OF SHORTAGES EXPRESSED LAST SUMMER WAS NOT JUSTIFIED; UT OF COURSE, GOVERNMENT OFFICIALS AT THAT TIME COULD NOT BE SURE HOW THE HARVEST WOULD TURN OUT.

AMERICAN FARMERS HAVE INDICATED THEY INTEND TO BOOST WHEAT AND CORN PLANTING FOR NINETEEN SEVENTY-SIX, BUT THEY WILL CUT BACK SOME ON SOYBEANS. IF THEY FOLLOW THROUGH ON PRESENT PLANS, AND IF THE WEATHER SHOULD TURN-OUT GOOD, IT IS POSSIBLE A RECORD CORN CROP AND A BIG WHEAT CROP COULD AGAIN BE PRODUCED. ASSURING AMPLE SUPPLIES FOR EXPORTS NEXT YEAR; WEATHER, OF COURSE, AS ALWAYS IS THE KEY NOW.

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